

April 15, 2002

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 2002 which ended March 31, 2002.

FISCAL MATTERS

<i>FY 2002 – THIRD QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,778,000	\$ 2,596,826	\$ 0	\$1,181,174
Employee Retire. (Employer)	151,400	99,670	0	51,730
State Retirement	380,500	261,078	0	119,422
Social Security	290,000	190,358	0	99,642
Contractual Services	561,000	347,870	104,490	108,640
Travel	100,000	46,486	0	53,514
Commodities	25,000	4,608	0	20,392
Printing	20,000	11,420	0	8,580
Equipment	35,000	8,918	0	26,082
EDP	120,000	31,071	16,216	72,713
Telecommunications	75,000	41,361	0	33,639
Oper. of Auto. Equip.	5,000	2,259	0	2,741
Audits/Studies/Invest.*	<u>12,798,617</u>	<u>5,541,416</u>	<u>2,396,851</u>	<u>4,860,350</u>
TOTAL	<u>\$18,339,517</u>	<u>\$9,183,341</u>	<u>\$2,517,557</u>	<u>\$6,638,619</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<u>01-01-02</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>03-31-02</u>
Springfield	68	0	0	0	68
Chicago	<u>09</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>09</u>
TOTAL	<u>77</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>77</u>

CONTRACTS

During the third quarter of Fiscal Year 2002 the Office of the Auditor General entered into one administrative contract, one financial/compliance audit contract and three information systems audit contracts.

TRAINING

Training for the third quarter of Fiscal Year 2002 included Face Validity Review Process for Performance Audits, Financial Data available through Computer Aided Audit Techniques and the Comptroller's Homepage, Mandates Database Overview and Performance Audit Manual Update. Additional external training that staff participated in includes Cyberterrorism, Electronic Commerce, Implementing a System Development Structure, International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001.

PERFORMANCE AUDITS

PERFORMANCE AUDITS IN PROGRESS

<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (<i>PA 89-386</i>)	Unknown
<ul style="list-style-type: none">• Early Intervention Program: Follow-up Report of the OAG 1993 Audit (<i>Public Act 92-307</i>)	Spring 2002
<ul style="list-style-type: none">• Study of Bidding Specifications on State Construction Contracts (<i>S.R. 147</i>)	Spring 2002
<ul style="list-style-type: none">• Management Audit of Group Workers Compensation Self-Insured Pools (<i>LAC No. 121</i>)	Summer 2002
<ul style="list-style-type: none">• Management Audit of the Early Intervention Program (<i>LAC No. 122</i>)	Summer 2002
<ul style="list-style-type: none">• Financial and Management Audit of the Teachers Academy for Mathematics and Science (<i>H.R. 304</i>)	Summer 2002
<ul style="list-style-type: none">• Program and Management Audit of Kid Care (<i>S.R. 152</i>)	Summer 2002
<ul style="list-style-type: none">• Financial, Compliance, and Program Audit of the Village of Robbins' Use of Municipal Economic Development Funds (<i>Public Act 90-813</i>)	Summer 2002
<ul style="list-style-type: none">• Program Audit: DHS Office of Inspector General (<i>P.A. 92-358</i>)	Winter 2002

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2001 and December 31, 2001. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD(S) ENDING JUNE 30, 2001
AND DECEMBER 31, 2001***

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center			
Arts Council and Foundation			
Attorney Registration and Disciplinary Commission			
Board of Admissions to the Bar			
Board of Higher Education	x	x	03-06-02
Bureau of the Budget			
Capital Development Board	x		02-13-02
Center for Rehabilitation and Education			
Chester Mental Health Center			
Chicago Read Mental Health Center			
Chicago State University			
Chicago State University Foundation			
Choate Mental Health Center			
Civil Service Commission		x	03-06-02
Commission on Intergovernmental Cooperation			
Comptroller – Fiscal Officer	x	x	03-28-02
Correctional Industries	x		02-13-02
Court of Claims			
Criminal Justice Information Authority			
DCMS – Deferred Compensation Plan – 12/31/01			
Deaf and Hard of Hearing Commission			
Department of Agriculture			
Department of Central Management Services	x		02-13-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Department of Employment Security	x		03-12-02
Department of Human Rights			
Department of Human Services – Central Office			
Department of Insurance	x	x	02-21-02
Department of Labor	x	x	02-21-02
Department of Lottery	x	x	02-21-02
Department of Nuclear Safety	x	x	03-06-02
Department of Professional Regulation	x	x	03-12-02
Department of Public Aid			
Department of Public Health	x	x	03-12-02
Department of Revenue			
Department of Transportation	x		03-12-02
Development Finance Authority	x	x	03-26-02
Distance Learning Foundation	x	x	03-28-02
Drycleaner Envir. Res. Trust Fund Council			
DuQuoin State Fair			
Eastern Illinois University	x	x	03-15-02
Eastern Illinois University Alumni Association	x	x	03-15-02
Eastern Illinois University Foundation	x	x	03-15-02
Economic and Fiscal Commission			
Educational Facilities Authority			
Educational Labor Relations Board			
Elgin Mental Health Center			
Emergency Management Agency			
Farm Development Authority			
Fox Developmental Center			
General Assembly			
General Assembly Retirement System	x		01-30-02
General Assembly Retirement System		x	02-28-02
Governors Commission on the Status of Women		x	03-28-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Governors State University	x	x	03-26-02
Governors State University Alumni Association	x	x	03-26-02
Governors State University Foundation	x	x	03-26-02
Guardianship and Advocacy Commission			
Health Facilities Authority			
High School Association			
Housing Development Authority	x	x	03-26-02
Howe Developmental Center			
Human Rights Commission			
Illinois Building Commission	x	x	02-07-02
Illinois Commerce Commission	x	x	02-21-02
Illinois Conservation Foundation	x	x	02-13-02
Illinois Grain Insurance Corporation			
Illinois Labor Relations Board		x	03-06-02
Illinois Math and Science Academy and Fund			
Illinois Council on Developmental Disabilities	x	x	03-12-02
Illinois Petroleum Resources Board	x	x	02-07-02
Illinois State Fair			
Illinois State University	x	x	03-19-02
Illinois State University Foundation	x	x	03-19-02
Illinois Student Assistance Commission			
Illinois Supreme Court	x	x	03-06-02
Industrial Commission			
Jacksonville Developmental Center			
Judges Retirement System	x		01-30-02
Judges Retirement System		x	02-28-02
Kankakee River Valley Area Airport Authority	x	x	02-07-02
Kiley Developmental Center			
Legislative Audit Commission			
Legislative Printing Unit			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Legislative Reference Bureau			
Legislative Research Unit			
Lincoln Developmental Center			
Literacy Foundation	x	x	03-28-02
Ludeman Developmental Center			
Mabley Developmental Center			
Madden Mental Health Center			
Marriage Divisions of the Illinois Courts		x	03-06-02
McFarland Mental Health Center			
Metro. Pier and Exposition Authority			
Murray Developmental Center			
Northeastern Illinois University	x	x	03-26-02
Northeastern Illinois University Foundation	x	x	03-26-02
Northern Illinois University	x	x	03-15-02
Northern Illinois University Alumni Association	x		02-07-02
Northern Illinois University Foundation	x		02-07-02
Office of the Governor	x	x	03-28-02
Office of the Lieutenant Governor	x	x	03-28-02
Pension Laws Commission			
Prairie State 2000 Authority			
Rural Bond Bank			
School for the Deaf			
School for the Visually Impaired			
Secretary of State	x	x	03-28-02
Shapiro Developmental Center			
Singer Mental Health and Developmental Center			
Southern Illinois University			
Southern Illinois University Carbondale – Alumni Assoc.	x	x	03-19-02
Southern Illinois University Carbondale – Foundation	x	x	03-19-02
Southern Illinois Univ. Edwardsville – Alumni Assoc.	x	x	03-19-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Southern Illinois University Edwardsville – Foundation	x	x	03-19-02
Southern Illinois University Physicians and Surgeons			
Southern Illinois University – University Park	x	x	03-19-02
Space Needs Commission			
State Board of Education	x		03-12-02
State Board of Elections			
State Board of Investment	x		01-30-02
State Board of Investment		x	02-28-02
State Employees’ Retirement System	x		01-30-02
State Employees’ Retirement System		x	02-28-02
State Universities Retirement System	x		01-30-02
State Universities Retirement System		x	02-28-02
Statewide Single Audit			
Summer School for the Arts			
Teachers’ Retirement System	x		01-30-02
Teachers’ Retirement System		x	02-28-02
Teachers’ Pension and Retirement System – Chicago			
Tinley Park Mental Health Center			
Toll Highway Authority – 12/31/01			
Treasurer – Bright Start College Savings Pool	x		02-13-02
Treasurer – Fiscal Officer	x	x	03-28-02
Treasurer – Illinois Funds	x		02-13-02
Treasurer – Non-fiscal officer	x	x	03-28-02
Universities Civil Service Commission			
University of Illinois	x	x	03-15-02
University of Illinois Alumni Association	x		02-07-02
University of Illinois Foundation	x		02-07-02
University of Illinois – HMO 8/31/01	x	x	02-07-02
University of Illinois – Prairieland Energy, Inc.	x		02-07-02
University of Illinois - -Research Park LLC	x		02-07-02

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
University of Illinois – Ventures LLC			02-07-02
University of Illinois – Wolcott Wood & Taylor, Inc.	x		02-07-02
Western Illinois University	x	x	03-15-02
Western Illinois University Foundation	x	x	03-15-02
Zeller Mental Health Center			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2001.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2002</i>	
•	Bureau of the Budget
•	Comptroller
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Employment Security
•	Department of Human Services
•	Department of Insurance
•	Department of Labor
•	Department of Nuclear Safety
•	Department of Public Health
•	Department of Revenue
•	Eastern Illinois University
•	Illinois Industrial Commission
•	Secretary of State
•	Supreme Court
•	Treasurer
•	University of Illinois
•	Western Illinois University

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2002 and it contains eighty three filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 2002, the Auditor General did not receive any new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General